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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 001738

SIPDIS

E.O. 12958: DECL: 07/01/2019
TAGS: [PREL](#) [PGOV](#) [ECON](#) [RS](#) [MD](#)
SUBJECT: VORONIN VISITS MOSCOW

REF: CHISINAU 493

Classified By: A/Pol M/C David Kostelancik for reasons 1.4(b) and (d)

¶1. (C) Summary. Russia said Moscow's agreement to meet with Moldovan President Voronin June 22 in Moscow was not election campaign assistance, but only support inasmuch as Moscow sought to maintain good relations with its neighbors and protect the interests of the Russian-speaking (voting) population abroad. In general, Moscow wants to rebuild momentum on the stalled Transnistria talks in the near term, and believes both conflict parties need to find new approaches in the long term. The MFA thought Putin's promise to provide Chisinau with the first tranche of a USD 500 million loan within the next two months was too optimistic. Both the MFA and the Moldovan ambassador to Russia confirmed that the monies would be used for investment purposes, and not to repay gas debts, but disagreed on the format of the loan. Although Moscow disapproved of Iurie Rosca's appointment as Deputy Prime Minister, Russia considered it an internal Moldovan affair. End Summary

Election support?

¶2. (C) MFA 2nd CIS Deputy Director for Moldova Nikolai Fomin told us June 25 that Moldovan President Voronin's June 22 visit to Moscow was not intended to bolster Voronin's party in the lead-up to the presidential elections. However, Russia cared about the significant Russian-speaking population in Moldova, which all parties needed to woo if they wanted to win the election. Fomin said Moscow's ongoing contacts with Chisinau "naturally" supported the GOM in the sense that Russia wanted to support its neighbor and to maintain good relations. In his welcoming remarks, President Medvedev blamed the opposition for Moldova's election crisis, and justified Russia's support for the GOM's efforts to "restore constitutional order" with a reference to Moldova's sovereignty.

Transnistria

¶3. (C) Fomin, who sat in on Voronin's meeting with Medvedev, stressed the importance of the March 18 agreement signed by Voronin and Transnistrian leader Smirnov for Medvedev's and Voronin's June 22 talks. He credited the agreement with making it possible to continue talking about Transnistria, given Transnistria's position that it currently "had no counterpart to talk to," which, coupled with its "usual polemics" against Chisinau's alleged leaning toward Bucharest, had "thrown talks back to September 2008."

14. (C) In the short term, Fomin said Russia wanted to provide impulses for the two sides to meet again, although the next meeting could only occur after Moldova's presidential elections. In the medium term, Fomin said Russia needed to "find its own niche" in supporting confidence-building measures between the sides, which he compared to the U.S.' MCC program. In the long-term, Fomin argued that both sides needed to find a new approach, as their current respective proposals for one-state and multi-state solutions were mutually incompatible. In order to find a mutually acceptable solution, it was important for both leaders to negotiate directly, Fomin stressed. However, Moscow had no current plans for hosting a "2 plus 1" meeting between the conflict sides to encourage such negotiations.

15. (C) Moldovan Ambassador Andrei Neguta, who participated in all meetings except for the one-on-one meetings that both Medvedev and Putin conducted with Voronin, told us that Putin did not discuss Transnistria with Voronin. Medvedev welcomed any wish by Voronin to meet either separately with a mediator from the "5 plus 2" group, or in whichever other format Voronin desired. Although the Moldova elections had caused a delay in Transnistria talks, the mediators were using the time to prepare for post-election reengagement.

Loan

16. (C) Fomin said that Putin's promise to grant the first USD 150 million of a USD 500 million loan to Moldova within

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two months' time was overly optimistic. Although everything was in place to amend the GOR's budget in order to accommodate the new expense, completing the procedures would still take time. A further USD 150 million were to be granted in 2010, the remaining USD 200 million in 2011, Neguta said. He said that Chisinau had only asked for USD 500 million as that was all Moldova needed, and Moldova did not engage in bargaining tactics.

17. (C) The modalities of the loan are unclear. Fomin stated that Moscow planned no monetary disbursement to Chisinau; instead, the monies would be provided to Russian companies to fund investment projects in Moldova. On the other hand, Neguta told us that monies would be disbursed for Chisinau to expend as it saw expedient, based on an agreement between the Finance Ministries of both countries expected for July 1, which would set the conditions of the loan. Both agreed that uses for the loan included refurbishing Moldova's internal gas pipeline system, improving potable water supplies, plans for road construction in the south as part of the Black Sea ring road, and cultural initiatives. Moldova had first requested the loan at the May 22 CIS summit in Astana, Fomin said. Neguta clarified that Moldova had approached Moscow after the IMF had postponed its decision on granting a loan until after a new government was formed.

18. (C) Fomin and Neguta both said speculation in the Russian press that the loan could be used to pay Moldova's gas debts was ill-informed. Similarly, Fomin and Neguta said rumors that Gazprom might take over Moldova's gas pipeline network in case of default by Moldova's gas company were unfounded and not a topic of the June 22 discussions.

Rosca

19. (C) Fomin said that Moscow was disconcerted by Iurie Rosca's appointment as deputy prime minister on June 16, given he had opposed the Russian "Kozak Plan" for Transnistria in 2003. However, "since Russia did not interfere in other countries' internal politics," Medvedev had not raised the issue with Voronin, and Russia would not

protest the appointment. Moscow's understanding was that Rosca's task was to attract voters away from right-wing parties.

Other issues

¶10. (C) Fomin added that during his separate meetings with Medvedev and Putin, Voronin had also discussed Moldova's approach to European security ("understandably oriented toward Brussels"), and the necessity for CIS reform, given Moldova's current and Russia's upcoming presidency in the CIS. Neguta said Moscow agreed to lift all restrictions on Moldovan wine exports to Russia, which had so far been limited to the Moscow region.

Comment

¶11. (C) The disconnect between the Russian and Moldovan descriptions of the format of the loan, and the projected delay between the announcement and the disbursement (see also reftel) suggest that the loan announcement was a political decision by Moscow to provide election assistance to Moldova's communist party. The actual conditions of the loan will apparently only be worked out after the election is over.
BEYRLE